

MONTANA LEGISLATIVE HISTORY

Chapter 525 19 89

Bill H _____ S 392 Original bill & history C

H. Committee on Taxation

Hearing Date(s) Mar 30 ☒ C

_____ ☐ C

_____ ☐ C

_____ ☐ C

Date Out Mar 30 ☒ C

S. Committee on Taxation

Hearing Date(s) Feb 16 ☒ C

Mar 11 ☒ C

_____ ☐ C

_____ ☐ C

Mar 13 ☒ C

Did this bill originate in an interim committee? ☐ Yes ☐ No

Committee _____

Report _____

SENATE FINAL STATUS

4/14 SIGNED BY GOVERNOR
CHAPTER NUMBER 547 EFFECTIVE DATE: 10/01/89

SB 390 INTRODUCED BY GALT, ET AL.
ALLOW INTERIM PERMIT TO APPROPRIATE WATER FROM COAL
MINES NEAR ROUNDUP

2/11 INTRODUCED
2/11 REFERRED TO AGRICULTURE, LIVESTOCK & IRRIG.
2/15 HEARING
2/16 COMMITTEE REPORT--BILL PASSED
2/18 2ND READING PASSED 50 0
2/21 3RD READING PASSED 50 0

TRANSMITTED TO HOUSE
2/22 REFERRED TO NATURAL RESOURCES
3/10 HEARING
3/16 COMMITTEE REPORT--BILL CONCURRED AS AMENDED
3/27 2ND READING CONCURRED 61 36
3/29 3RD READING CONCURRED 58 39

RETURNED TO SENATE WITH AMENDMENTS
4/01 2ND READING AMENDMENTS CONCURRED 48 0
4/04 3RD READING AMENDMENTS CONCURRED 49 0

4/08 SIGNED BY PRESIDENT
4/08 SIGNED BY SPEAKER
4/10 TRANSMITTED TO GOVERNOR
4/13 SIGNED BY GOVERNOR
CHAPTER NUMBER 524 EFFECTIVE DATE: 10/01/89

SB 391 INTRODUCED BY BISHOP
PROVIDE STAGGERED TERMS FOR BOARD OF PARDONS MEMBERS

2/11 INTRODUCED
2/11 REFERRED TO JUDICIARY
2/14 HEARING
2/14 COMMITTEE REPORT--BILL PASSED
2/16 2ND READING PASSED 48 0
2/18 3RD READING PASSED 49 1

TRANSMITTED TO HOUSE
2/21 REFERRED TO JUDICIARY
3/03 HEARING
3/03 COMMITTEE REPORT--BILL CONCURRED
3/04 2ND READING CONCURRED 84 0
3/06 3RD READING CONCURRED 95 0

RETURNED TO SENATE
3/11 SIGNED BY PRESIDENT
3/11 SIGNED BY SPEAKER
3/13 TRANSMITTED TO GOVERNOR
3/18 SIGNED BY GOVERNOR
CHAPTER NUMBER 154 EFFECTIVE DATE: 3/18/89

SB 392 INTRODUCED BY BROWN, ROBERT, ET AL.
EXEMPT CERTAIN FILM-PRODUCTION PROPERTY FROM
TAXATION

2/11 INTRODUCED

SENATE FINAL STATUS

2/11	REFERRED TO TAXATION		
2/13	FISCAL NOTE REQUESTED		
2/16	HEARING		
2/16	FISCAL NOTE RECEIVED		
2/17	FISCAL NOTE PRINTED		
3/13	COMMITTEE REPORT--BILL PASSED AS AMENDED		
3/14	2ND READING PASSED	45	3
3/16	3RD READING PASSED	38	6
	TRANSMITTED TO HOUSE		
3/17	REFERRED TO TAXATION		
3/30	HEARING		
3/30	COMMITTEE REPORT--BILL CONCURRED		
3/31	2ND READING CONCURRED	92	2
4/01	3RD READING CONCURRED	88	4
	RETURNED TO SENATE		
4/08	SIGNED BY PRESIDENT		
4/08	SIGNED BY SPEAKER		
4/10	TRANSMITTED TO GOVERNOR		
4/13	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 525	EFFECTIVE DATE:	4/13/89

SB 393 INTRODUCED BY LYNCH, ET AL.
REVISE GOVERNMENTAL IMMUNITY FOR LEGISLATIVE ACTS

2/11	INTRODUCED		
2/11	REFERRED TO LOCAL GOVERNMENT		
2/13	FISCAL NOTE REQUESTED		
2/14	HEARING		
2/14	REREFERRED TO JUDICIARY		
2/16	HEARING		
2/18	FISCAL NOTE RECEIVED		
2/20	FISCAL NOTE PRINTED		
	DIED IN COMMITTEE		

SB 394 INTRODUCED BY LYNCH, ET AL.
REVISE GOVERNMENTAL IMMUNITY FOR QUASI-JUDICIAL ACTS

2/11	INTRODUCED		
2/11	REFERRED TO STATE ADMINISTRATION		
2/14	REREFERRED TO JUDICIARY		
2/16	HEARING		
	DIED IN COMMITTEE		

SB 395 INTRODUCED BY BOYLAN, ET AL.
EXEMPT STUDENT GOVERNMENTS AT UNIVERSITY OF MONTANA
AND MONTANA STATE UNIVERSITY FROM STATE
PROCUREMENT LAWS

2/11	INTRODUCED		
2/11	REFERRED TO STATE ADMINISTRATION		
2/15	HEARING		
2/16	COMMITTEE REPORT--BILL PASSED AS AMENDED		
2/18	2ND READING PASSED AS AMENDED	46	0
2/21	3RD READING PASSED	49	0
	TRANSMITTED TO HOUSE		
2/22	REFERRED TO STATE ADMINISTRATION		
3/10	HEARING		

exemptions from the tax itself without agriculture land being included in the exemptions.

Senator Mazurek said the point would be to try to have it apply to sales, not transfers.

Senator Gage asked if this is a tax on the buyer or the seller.

Mr. Littler answered in some states it affects one and in some the other. He said it would just depend on how it is interpreted when the bill is enacted.

Senator Crippen asked Senator Jacobson to clarify the allocation of the proceeds of the tax.

Senator Jacobson said the bill sets up a noxious weed trust fund and 50% of that fund goes into grants and 50% into principal until it reaches \$2.5 million. Under the bill 14% of collections go into principal, 14% into grants, and 15% goes to counties. That is a total of 43% going into noxious weeds, 54% into infrastructure planning and 3% into administration.

Senator Crippen asked if the knapweed problem has been spread by automobile and if a tax in that area is not more appropriate than a tax on real estate.

Senator Jacobson felt both areas were appropriate as more money is desperately needed in the state for weed control. She indicated there is another bill which does levy a tax on vehicle licenses for weed control.

Closing by Sponsor:

Senator Jacobson closed by saying the realty transfer tax is a modest fee and an appropriate way to raise some money to spur economic development. It will help solve a few of the problems local government has in development of planning and maintenance of infrastructure. Weed control is an area of growing concern and needs to be addressed.

HEARING ON SENATE BILL 392

Presentation and Opening Statement by Sponsor:

Senator Brown, District 2, sponsor, said the bill exempts from property tax certain property used exclusively in

the production of motion pictures or television commercials. He pointed out there have been complaints from the movie industry because our taxing procedures are so much more complicated than other states especially in the area of assessment of equipment and vehicles.

List of Testifying Proponents and What Group They Represent:

John Wilson, Montana Promotion Division, Department of Commerce
Ray Brandewie, Montana Innkeepers Association
Greg Bryan, Glacier Country Tourism Region
Senator Del Gage

List of Testifying Opponents and What Group They Represent:

None

Testimony:

John Wilson, Montana Promotion Division, Department of Commerce, said the division has been actively recruiting film companies for the past ten years with some success. However, the one big problem with recruiting is that assessors have begun assessing the movie company property under the migratory property tax recently. This is a proper assessment, however, this has caused a major problem in attracting motion picture companies to the state. Montana is the only state in the nation that levies a personal property tax on motion picture equipment. It is necessary for the company to inventory and depreciate all their equipment so that it can be assessed. They are only here from 30-60 days, yet they have to hire someone for a minimum of 10 days just to do their calculations for the assessment. To complicate matters, most of the equipment is leased which means going back to the leasing company for figures. This is a major stumbling block for the movie companies. Even though the locations in Montana are very competitive, the hassle of the inventory is a huge drawback. They do not have a problem with paying the tax only the time and effort they must expend inventorying. It is impossible to just tell them a flat figure as the assessment depends on many variables such as the county they are operating in, type of equipment, ownership of the equipment, etc. Mr. Wilson said the loss to the counties under the bill will be about \$5000-\$10,000. However, if the bill is passed there could be income of between \$6 - \$10 million in filming. He referred the committee to the chart of estimated expenditures by film companies

(Exhibit #8). He urged the committee to pass the bill.

Ray Brandewie, Montana Innkeepers Association, presented his testimony in support of the bill (Exhibit #9).

Greg Bryan, President, Glacier Country Tourism Region, Vice President of the Montana Innkeepers Association, and a member of the Governor's Tourism Council, said the film industry is a very important asset to the state's economy. Not only do they spend a lot of money in the state, their product showcases Montana and is invaluable advertising for us. The migratory property tax was instituted to prevent unfair advantage for Montana businesses. The film industry is non-competitive and does not inhibit Montana businesses. It brings jobs and money into Montana. He compared the situation to that of stepping over a \$100 bill to pick up a dime. Although the tax is a simple one, it is a burdensome and complex process to implement. It is the main reason the recent television miniseries "Lonesome Dove" was filmed in New Mexico rather than Montana. The barriers need to be removed to attracting the film companies. The small loss is more than offset by the income and advertising that will occur when the film companies once again use Montana as their location for filming.

Senator Gage, District 5, Glacier County, said the film company did not have a problem with paying the tax itself in Glacier County, but undoubtedly they had a bad taste in their mouth after the dust had settled in the clash between the film company representative and the assessor. Glacier County and Missoula County both have said the Commerce Department asked them to ignore the tax by direction of the Governor. This created a severe problem for the assessors who said they had to ignore state statute in order to comply. The Department of Commerce denied that request was ever made. Senator Gage said the bill contains a provision for equipment to be in the state for 180 days before it is subject to tax, which should take of the film companies as they are not in the state that long. He urged the committee to support the bill.

Questions From Committee Members:

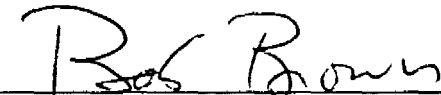
Senator Norman said there are associated costs to the communities when streets are blocked, police are needed for traffic control, etc. We do need to be aware that there are costs to the state not only benefits.

Mr. Wilson agreed with Senator Norman's comments, saying this is a very competitive business and tough questions need to be answered in just how far we as a state are willing to go to attract this industry.

Closing by Sponsor: Senator Brown closed.

ADJOURNMENT

Adjournment At: 10:00 a.m.

A handwritten signature in cursive script that reads "Bob Brown". The signature is written in dark ink and is positioned above a horizontal line.

SENATOR BOB BROWN, Chairman

BB/jdr

MIN216.jdr

ROLL CALL

TAXATION

COMMITTEE

51st LEGISLATIVE SESSION -- 1989

Date 2/11/89

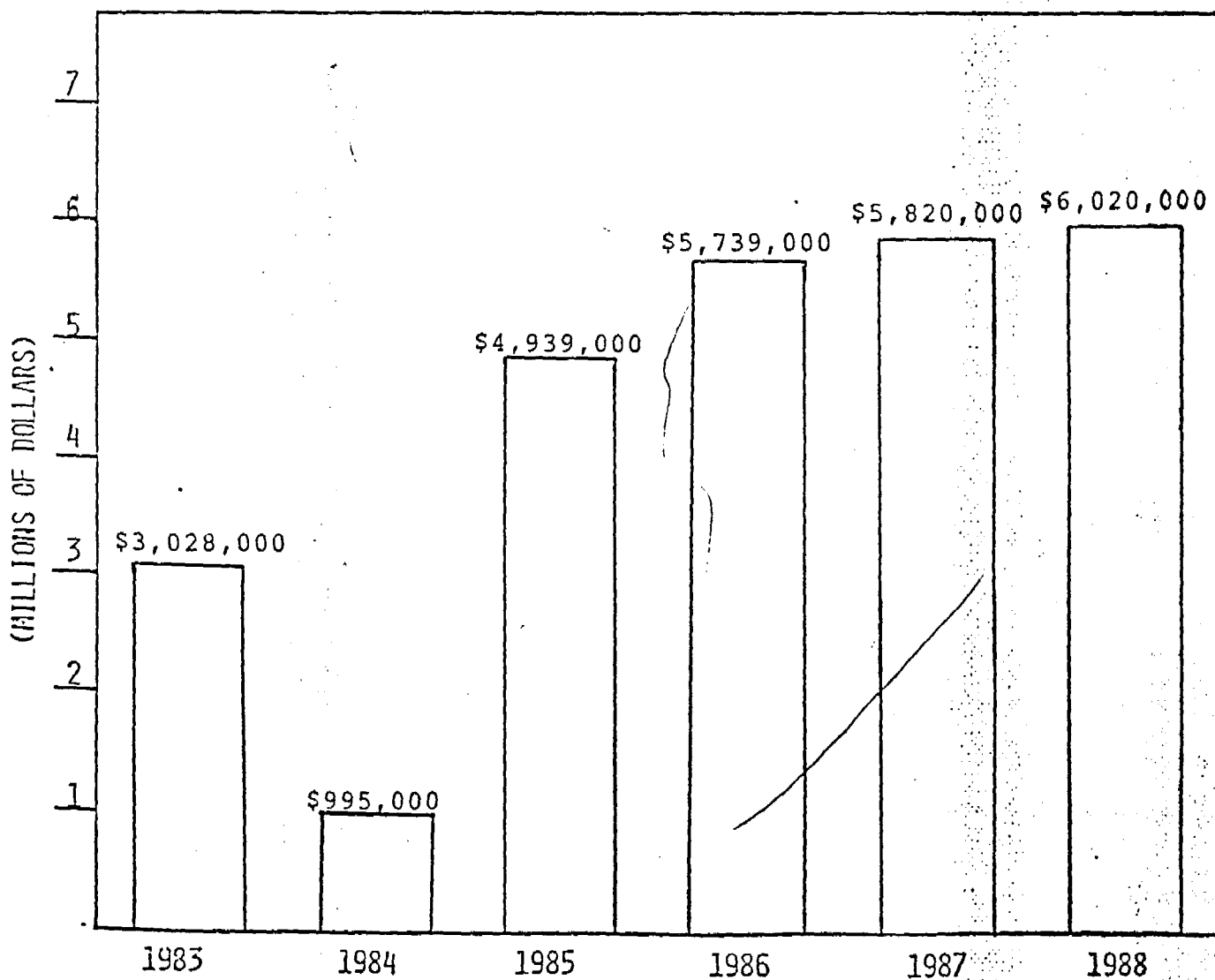
NAME	PRESENT	ABSENT	EXCUSED
SENATOR BROWN	X		
SENATOR BISHOP	X		
SENATOR CRIPPEN	X		
SENATOR ECK	X		
SENATOR GAGE	X		
SENATOR HAGER	X		
SENATOR HALLIGAN	X		
SENATOR HARP	X		
SENATOR MAZUREK	X		
SENATOR NORMAN	X		
SENATOR SEVERSON	X		
SENATOR WALKER	X		

Each day attach to minutes.

MOTION PICTURE PRODUCTION DOLLARS

SPENT IN MONTANA

ESTIMATED GROSS EXPENDITURES



TESTIMONY/SB392

MOTION PICTURE EQUIPMENT AND MIGRATORY PERSONAL PROPERTY TAX

Senate Bill 392 will exempt certain film production property from the migratory personal property tax.

Background

The original intent of the Migratory Personal Property Tax is to offset unfair bid advantages that an out-of-state company would have over an instate, local business which pays property tax all year long. Ostensibly, an out of state company, without this law, would pay no tax and could bid a job at a lower price while maintaining the same profit margin as an instate firm who is subject to personal property tax. Two good examples of this are construction companies and oil well drilling companies.

Although the law has existed for many years, it was not applied to film companies until 1987 simply because county assessors were unaware that film companies should be included. In June of 1987, the Glacier County assessor applied the law to Hemdale Productions "War Party" film. After significant research by the Department of Commerce and the Department of Revenue into exemptions and loopholes, it was determined that the county assessor was legally correct and film companies should be assessed the tax. The issue was raised in the press at that time and as a consequence other county assessors are now aware of their legal requirements and are levying the tax on subsequent filming in Montana (i.e. Ravalli County-"Waiting for Salazar").

Revenues from the tax go to the county that levies it. The tax amount is dependent upon the school mill levy and which school district the film companies' Montana headquarters are located. Therefore, there are literally hundreds of mill levy tax rates which could apply. In the case of "War Party", the tax total ended up \$3,400. If Montana were to film three major films per year (this is optimistic) the tax revenue to counties would be between \$8,000-\$15,000.

Why are the film companies concerned? First, they do not have to pay any property tax in other states, so their costs of filming are adversely affected. Second, to inventory list and depreciate each of their equipment items is a monumental time consuming and expensive task. It's simply a major hassle when they can least afford it. Third, in the majority of cases, the equipment is leased and they do not know the value.

As the word about the tax spreads among film companies, Montana's ability to attract films will be diminished. Department of Commerce staff have had calls from film companies who said they "heard" they would have to pay a \$60,000 tax if they filmed in Montana. These are untrue rumors, but have the net effect of taking Montana out of consideration. The gross revenue loss could be as high as \$8 million per year.

Simply put, a construction company has to build where the job is. An oil company has to drill where oil reserves are. A film company is mobile and can find suitable locations in any number of western states.

We urge your approval and passage of SB392. Building the credibility and viability of Montana as a film production site enhances economic growth in this important area.

DATE 2/16/89 pg 1 of 2
~~2-29-89~~

COMMITTEE ON Taxation

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Gary Bryan	CLAREN Cornish Express Area	SB 392	✓	
Ray Brandewie	MTKA	SB 392	✓	
Arlo Ciceri	Park Co Comm	SB 337	✓	
Tom Hoppood	Mont. Assoc. Realtors	SB 337		✓
John Wilson	Dept of Commerce	SB 292	✓	
Wm Souker	SELF	SB 337		✓
Dan Pritchett	B-SB Weed Bd	SB 337	✓	
Veil O. Peterson	Madison Co Weed Bd	SB 337	✓	
Andi Hjort	MONTANA ASS. REALTORS	SB 337		✓
MARCIA ALLEN	HELENA BOARD OF REALTORS	SB 337		✓
Marty Heller	MT. Assoc. of Realtors	"		✓
Pete Fry	M Weed Control Assn	"	✓	
Steve Smalley	Heleena Bd	"		✓
Nancy D. Foote	Northside Neighborhood Assn.	SB 337	✓	
Pam M. Mulcahy	Northside Neighbors Assn	SB 337	✓	
Bob Hamilton	Hamilton Realty	SB 337		✓
James Graham	Hamilton Realty	SB 337		
Don Bates	Schulte Realty	SB 337		

DISPOSITION OF SENATE BILL 392

Discussion: Senator Gage felt there would be some problems prorating after 180 days in this bill in light of the passage of SB 461 where we only prorate on the front end. He suggested totally exempting movie equipment from the bill.

Senator Eck felt the committee should be very careful not to work against local Montana movie producers.

Senator Norman suggested leaving the bill as written and adding a 2 year sunset provision. He expressed some uneasiness at exempting one specific out-of-state industry for preferential tax treatment.

Senator Eck asked the committee to consider a flat fee as opposed to an ad valorem.

Senator Gage pointed out that under the provisions of page 3, subsection 2, a company could come in to the state 179 days before the end of the year and stay 179 days after the beginning of the new year and pay nothing in taxes.

Senator Mazurek felt the companies should pay for a year if they are going to be here for more than six months. He expressed concern about provision for both front end and back end proration in the bill.

Amendments and Votes: Senator Mazurek moved to amend the bill by striking subsection 2, page 3, in its entirety. The effect of the motion would be that the companies would start paying taxes after six months. The motion CARRIED unanimously.

Senator Halligan moved to amend the bill on page 10 by adding a new section which would sunset the bill December 31, 1993. The motion CARRIED unanimously.

Recommendation and Vote: Senator Halligan moved SB 392 Do Pass As Amended. The motion CARRIED with Senator Bishop voting no.

TAXATION

COMMITTEE

51st LEGISLATIVE SESSION -- 1989Date 3/11/89

NAME	PRESENT	ABSENT	EXCUSED
SENATOR BROWN	X		
SENATOR BISHOP	X		
SENATOR CRIPPEN			X
SENATOR ECK	X		
SENATOR GAGE	X		
SENATOR HAGER	X		
SENATOR HALLIGAN	X		
SENATOR HARP			X
SENATOR MAZUREK	X		
SENATOR NORMAN	X		
SENATOR SEVERSON	X		
SENATOR WALKER	X		

Each day attach to minutes.

SENATE STANDING COMMITTEE REPORT

March 13, 1990

MR. PRESIDENT:

We, your committee on Taxation, having had under consideration SB 392 (first reading copy -- white), respectfully report that SB 392 be amended and as so amended do pass:

1. Title, line 8.

Following: "DATE"

Strike: "AND"

Insert: ", "

2. Title, line 9.

Following: "DATE"

Insert: ", AND A TERMINATION DATE"

3. Page 2, lines 2 and 3.

Strike: line 2 in its entirety through "that" on line 3

4. Page 2, lines 3 and 4

Strike: "sited" on line 3 through "year" on line 4

Insert: "subject to property taxation in the same manner as other property"

5. Page 3, line 6.

Strike: "(1)"

6. Page 3, lines 12 through 20.

Strike: subsection (2) in its entirety

7. Page 10.

Following: line 16

Insert: "NEW SECTION. Section 11. Termination. [This act] terminates December 31, 1993."

AND AS AMENDED DO PASS

Signed: _____

Bob Brown, Chairman

Statement of Intent adopted.

revenue neutral and Mr. Shanahan replied he was not sure.

Rep. Ream asked Rep. Brown about the impact to local governments concerning "up front" income. Rep. Brown replied the "up front" income is dependent upon the mine production and is therefore somewhat precarious. He said the purpose of having close down accounts is to avoid the disastrous effects of a mine discontinuing operations.

Rep. Raney asked Mr. Fitzpatrick about the distribution of the funds under the bill. Mr. Fitzpatrick replied his industry had agreed that funds would go to the RITT and to environmental concerns. Rep. Raney then asked Mr. Fitzpatrick about the gross proceeds lawsuit against the state. Mr. Fitzpatrick answered the gross proceeds has to do with the value of the mineral product which is difficult to establish since the product is raw ore. He said the mines sell a partially completed product and the company based their tax on their sales while the DOR based the tax on the metal. He said this bill will clarify these issues.

Closing by Sponsor: Sen. Beck stated there was obvious disagreement on the fund allocation in the bill but not on the intent. He said the counties have the opportunity to place these funds in a trust themselves. Sen. Beck stated he would be willing to work with everyone on the bill to iron out any differences. He thanked the committee for a good hearing.

DISPOSITION OF SENATE BILL 410

Motion: None.

Discussion: None.

Amendments, Discussion, and Votes: None.

Recommendation and Vote: None. Action will be taken at a later date.

HEARING ON SENATE BILL 392

Presentation and Opening Statement by Sponsor:

Senator Bob Brown, District 62, stated the bill is an act to exempt from taxation certain property used in the production of movies and television commercials if the property is in the state of Montana for less than 180 days. He said if the property is located in the state for a longer period of time, it is subject to property tax until the end of the year. Sen. Brown stated that several years ago, a movie company made a movie in Glacier County. He said the county assessor decided their property was subject to the migratory personal property tax and the company was required to inventory all of their equipment, most of which was leased.

He stated the amount of tax collected was infinitesimal but the inconvenience to the company was major. He said there was a sunset date in the bill of 1993 at which time the bill could be renewed if there were no problems with local movie production companies. Sen. Brown stated this bill is needed in order to promote this business in Montana which has the scenic beauty and open space which makes it very attractive to film producers.

Testifying Proponents and Who They Represent:

John Wilson, Administrator, Montana Promotion Division,
Department of Commerce
Bonnie Tippy, Montana Innkeeper's Association
Don Engles, Montana Chamber of Commerce
Greg Bryan, President, Glacier County Tourism
Rep. Bob Ream, House District 54
Rep. Bob Raney, House District 82

Proponent Testimony:

John Wilson submitted a graph explaining the motion picture production dollars spent in Montana since 1983. (Exhibit 7). Mr. Wilson spoke in support of the bill. (Exhibit 8).

Bonnie Tippy stated her organization sends representatives to movie producer's trade shows in California each year to encourage the production of movies in Montana. She said passage of this bill will benefit the state in obtaining this type of business. She urged support of the bill.

Don Engles indicated support for the bill.

Greg Bryan stated his organization works to support economic growth in the state. He said the movie production business is attracted to the state's scenic beauty and is ideal for this particular endeavor. He urged passage of the bill.

Rep. Bob Ream urged support of the bill. He stated his wife is co-director and producer of a Missoula film company. He said this was a nuisance tax and should be eliminated.

Rep. Bob Raney urged support of the bill.

Testifying Opponents and Who They Represent:

None.

Opponent Testimony:

None.

Questions From Committee Members: Rep. Driscoll asked Mr. Wilson about section 3 on taxation of vehicles, since a lot of the equipment for movie production is carried by truck into the

state, would these trucks be exempt from the pro rate fee. Mr. Wilson said they would not if the trucks were owned or leased by the company but if they were merely renting a truck for hauling, it would be subject to all applicable taxes.

Closing by Sponsor: Sen. Brown made no further comment.

DISPOSITION OF SENATE BILL 392

Motion: DO PASS by Rep. Giacometto.

Discussion: None.

Amendments, Discussion, and Votes: None.

Recommendation and Vote: Motion CARRIED by unanimous voice vote.

HEARING ON SENATE BILL 461

Presentation and Opening Statement by Sponsor:

Senator Joe Mazurek, District 23, stated SB 461 is a Senate Taxation Committee bill. He said the Department of Revenue made a proposal to provide for pro-rated refunds on personal property that comes into the state because of a Helena District Court decision that ruled the method of prorating this personal property was unconstitutional. Sen. Mazurek said the tax on migratory personal property has to be paid for the full year if the property is in the state on January 1 under the current system. He said if the property comes into the state after the first of the year and leaves before the end of the year, the tax is prorated for the exact time period. He stated the court ruled this disparity was unconstitutional. Sen. Mazurek submitted a document covering this type of tax in other states. (Exhibit 9). He said the bill provides proration from the time of entry into the state until the end of the year and payment for the actual time in the state.

Testifying Proponents and Who They Represent:

Marvin Barber, County Assessors Association

Proponent Testimony:

Marvin Barber thanked Senator Mazurek for carrying the bill. He stated the primary reason the assessors support the bill is that if the property is in the state prior to the second Monday in July, the assessors certify the mill levies for the county and the school district and they must sign an affidavit that they have done everything possible to identify and assess all property to be taxed. He said they were essentially guaranteeing the revenue. He urged support

DAILY ROLL CALL

TAXATION

COMMITTEE

51st LEGISLATIVE SESSION -- 1989

Date March 30, 1989

NAME	PRESENT	ABSENT	EXCUSED
Harrington, Dan, Chairman	✓		
Ream, Bob, Vice Chairman	✓		
Cohen, Ben	✓		
Driscoll, Jerry	✓		
Elliott, Jim	✓		
Koehnke, Francis	✓		
O'Keefe, Mark	✓		
Raney, Bob	✓		
Schye, Ted	✓		
Stang, Barry	✓		
Ellison, Orval	✓		
Giacometto, Leo	✓		
Gilbert, Bob	✓		
Good, Susan	✓		
Hanson, Marian	✓		
Hoffman, Robert	✓		
Patterson, John	✓		
Rehberg, Dennis	✓		

STANDING COMMITTEE REPORT

March 30, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that Senate Bill 392 (third reading copy -- blue) be concurred in .

Signed: _____
Dan Harrington, Chairman

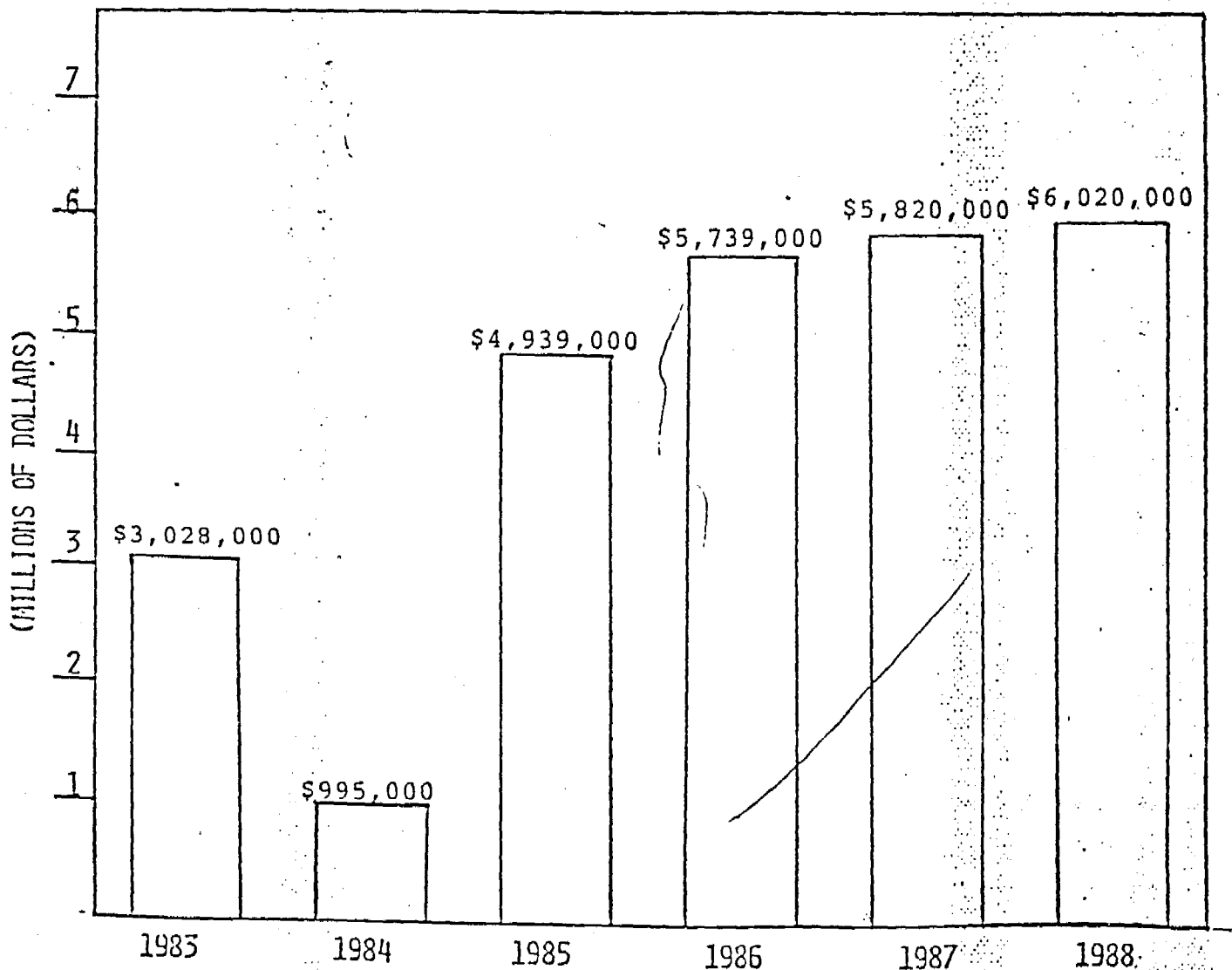
[REP. BOB REAM WILL CARRY THIS BILL ON THE HOUSE FLOOR]

Motion Picture

EXHIBIT 7
DATE 3/30/89
HB 392
Sen. Bill Brown

MOTION PICTURE PRODUCTION DOLLARS
SPENT IN MONTANA

ESTIMATED GROSS EXPENDITURES



TESTIMONY/SB392

MOTION PICTURE EQUIPMENT AND MIGRATORY PERSONAL PROPERTY TAX

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Although the law has existed for many years, it was not applied to film companies until 1987 simply because county assessors were unaware that film companies should be included. In June of 1987, the Glacier County assessor applied the law to Hemdale Productions "War Party" film. After significant research by the Department of Commerce and the Department of Revenue into exemptions and loopholes, it was determined that the county assessor was legally correct and film companies should be assessed the tax. The issue was raised in the press at that time and as a consequence other county assessors are now aware of their legal requirements and are levying the tax on subsequent filming in Montana (i.e. Ravalli County- "Waiting for Salazar").

Revenues from the tax go to the county that levies it. The tax amount is dependent upon the school mill levy and which school district the film companies' Montana headquarters are located. Therefore, there are literally hundreds of mill levy tax rates which could apply. In the case of "War Party", the tax total ended up \$3,400. If Montana were to film three major films per year (this is optimistic) the tax revenue to counties would be between \$8,000-\$15,000.

Why are the film companies concerned? First, they do not have to pay any property tax in other states, so their costs of filming are adversely affected. Second, to inventory list and depreciate each of their equipment items is a monumental time consuming and expensive task. It's simply a major hassle when they can least afford it. Third, in the majority of cases, the equipment is leased and they do not know the value.

As the word about the tax spreads among film companies, Montana's ability to attract films will be diminished. Department of Commerce staff have had calls from film companies who said they "heard" they would have to pay a \$60,000 tax if they filmed in Montana. These are untrue rumors, but have the net effect of taking Montana out of consideration. The gross revenue loss could be as high as \$8 million per year.

Simply put, a construction company has to build where the job is. An oil company has to drill where oil reserves are. A film company is mobile and can find suitable locations in any number of western states.

We urge your approval and passage of SB392. Building the credibility and viability of Montana as a film production site enhances economic growth in this important area.

STATE *****	WHICH HANDLED *****	PROVISIONS FOR REBATE *****	EXCEPTIONS *****	STATUTORY *****	EXH
ARIZONA	STATE	NO REBATE, IF THERE ON ASSESSMENT DATE THEN TAXED FOR YEAR. (ASSESSED DATE JAN. 1)	NONE	YES	DATE 3/30/89 CHARLES HARRIS HARRIS
CALIFORNIA	STATE	NO REBATE, IF THERE ON ASSESSMENT DATE THEN TAXED FOR YEAR. (STATE ASSESSED DATE JAN. 1) (LOCAL ASSESSED DATE MARCH 1)	DISASTER JOHN WALTON 916-445-4982	YES	3602-255-3529 807 Ogurch
COLORADO	COUNTY	NO REBATE, IF THERE ON ASSESSMENT DATE THEN TAXED FOR YEAR. (STATE ASSESSED DATE JAN. 1)	HAVE PROVISION FOR MIGRATORY PROPERTY ASSESSED QUARTERLY IF SO CLASSED (E.G. Drill Rigs)	YES	(303) 866-3724
IDAHO	COUNTY	NO REBATE, IF THERE ON ASSESSMENT DATE THEN TAXED FOR YEAR. (ASSESSED DATE JAN. 1)	HAVE PROVISION FOR MIGRATORY PROPERTY ASSESSED QUARTERLY IF SO CLASSED (E.G. ROAD EQUIP)	YES	STEVE MILLER 208-334-4549
NEVADA	STATE	PRO RATED, IF MOVED PRIOR JAN. 1 (ASSESSMENT DATE JULY 1) CLASSED AS MIGRATORY		YES	
NEW MEXICO	STATE	NO REBATE, IF THERE ON ASSESSMENT DATE THEN TAXED FOR YEAR. (ASSESSED DATE JAN. 1)	LIVESTOCK ONLY MIGRATORY CLASS	YES	(505) 827-0700
NORTH DAKOTA	STATE	NO PERSONAL PROPERTY TAX	NONE	N/A	
OKLAHOMA	STATE	NO REBATE, IF THERE ON ASSESSMENT DATE THEN TAXED FOR YEAR. (ASSESSED DATE JAN. 1)	NONE	YES	405-521-3179
OREGON	STATE	NO REBATE, IF THERE ON ASSESSMENT DATE THEN TAXED FOR YEAR. (ASSESSED DATE JULY. 1)	MOBILE HOMES, MUST PAY IN ADVANCE AND GET REBATE AFTER HAVE LEFT THE STATE	YES	503-378-3131
SOUTH DAKOTA	STATE	NO PERSONAL PROPERTY TAX	NONE	N/A	
TEXAS	STATE	NO REBATE, IF THERE ON ASSESSMENT DATE THEN TAXED FOR YEAR. (ASSESSED DATE JAN. 1)	NONE	YES	512-844-4901
UTAH	COUNTY	NO REBATE, IF THERE ON ASSESSMENT DATE THEN TAXED FOR YEAR. (ASSESSED DATE JAN. 1)	NONE	YES	801-530-6137
WASHINGTON	STATE	NO REBATE, IF THERE ON ASSESSMENT DATE THEN TAXED FOR YEAR. (ASSESSED DATE JAN. 1)	NONE	YES	(206) 753 5503
WYOMING	STATE	NO REBATE, IF THERE ON ASSESSMENT DATE THEN TAXED FOR YEAR. (ASSESSED DATE Feb. 1)	IF MOVE BEFORE JUNE 1 MAY FILE FOR 1/2 YEAR ASSESSMENT ALSO MOBILE HOMES AND LIVESTOCK GIVEN SOME LEeway.	YES	307-777-5239 ROBERT WILLIAMS.

VISITORS' REGISTER

HOUSE TAXATION

COMMITTEE

BILL NO. SB 392

DATE March 30, 1989

SPONSOR Sen. Robert Brown

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.